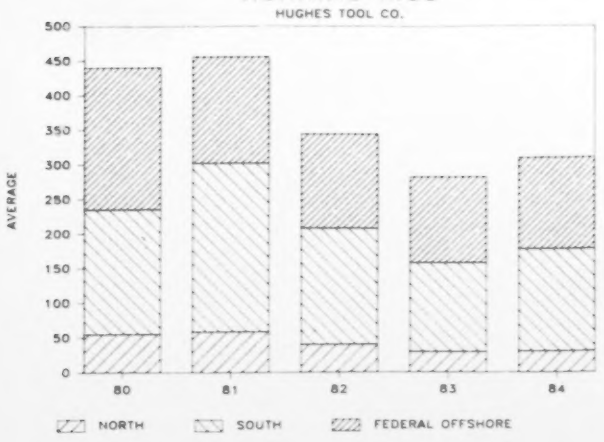
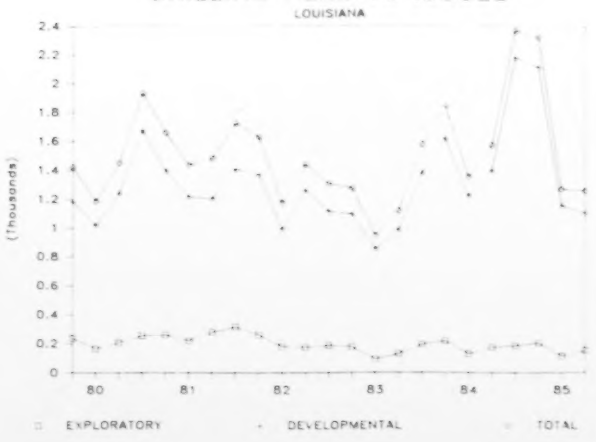
Drilling

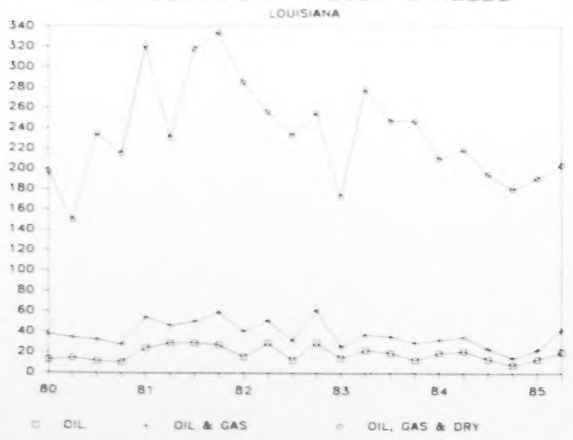
RUNNING RIGS



DRILLING PERMITS ISSUED



EXPLORATORY WELLS DRILLED



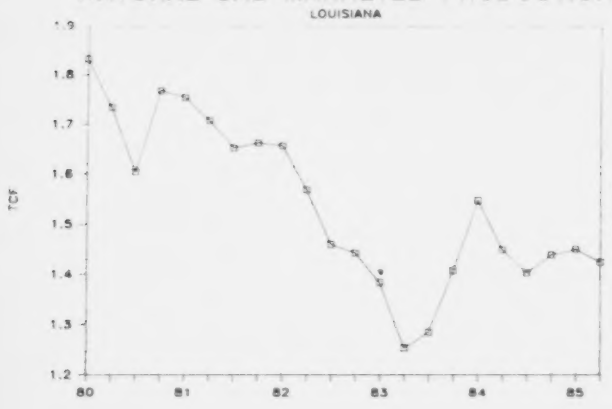
Figures represent TOTAL
except when otherwise noted

Totals may not add due to rounding

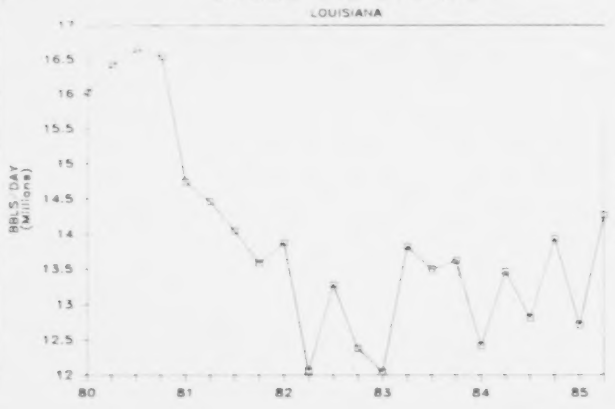
Indicator	1980	1981	1982	1983	1984	1984.3	1984.4	1985.1	Apr	May	June	1985.2	Year to Date Through Last Month Reported June 1984.2	Year to Date Through Last Month Reported June 1985.2	% Change
OIL WELLS COMPLETED*															
North	864	1114	1128	1392	1787	573	480	505	127	277	220	824	734	1129	53.8%
South	269	404	288	311	394	82	88	71	25	31	49	105	223	176	-21.1%
Offshore	28	58	49	197	122	24	23	34	20	5	25	50	75	84	12.0%
Total	1255	1568	1463	1900	2303	679	592	610	172	313	294	778	1032	1389	34.6%
GAS WELLS COMPLETED*															
North	1173	1319	1014	586	680	113	185	174	35	30	43	108	372	282	-24.2%
South	276	288	267	228	188	48	28	82	22	31	28	81	88	143	50.5%
Offshore	64	80	68	134	84	14	10	21	4	7	10	21	40	42	5.0%
Total	1513	1682	1369	948	913	173	233	257	61	68	81	210	507	467	-7.9%
DRY HOLES DRILLED*															
North	822	1094	1087	898	1207	382	337	283	71	92	105	288	488	551	12.9%
South	602	858	758	854	861	140	148	139	33	69	72	174	373	313	-16.1%
Offshore	198	267	285	471	278	60	47	82	21	21	33	75	188	137	-18.9%
Total	1822	2218	2090	2823	2144	582	532	484	125	182	210	517	1030	1001	-2.8%
RUNNING RIGS (Ave.Hughes Tool)															
North	52	59	40	30	30	30	28	32	23	25	26	25	31	29	-6.5%
South	171	245	169	128	147	137	159	147	127	128	124	126	147	137	-6.8%
Offshore (Federal)	140	154	136	125	132	128	148	141	133	126	127	123	127	135	6.3%
Total	383	456	344	283	309	295	338	320	283	281	277	280	305	301	-1.3%
DRILLING PERMITS ISSUED															
Exploratory	898	1086	727	645	702	187	200	118	58	47	51	154	307	270	-12.1%
Developmental	5338	5195	4454	4849	6929	2184	2117	1157	341	307	456	1104	2628	2261	-14.0%
Total	6237	6281	5181	5494	7631	2371	2326	1273	397	354	507	1258	2935	2531	-13.8%

Production, Consumption & Employment

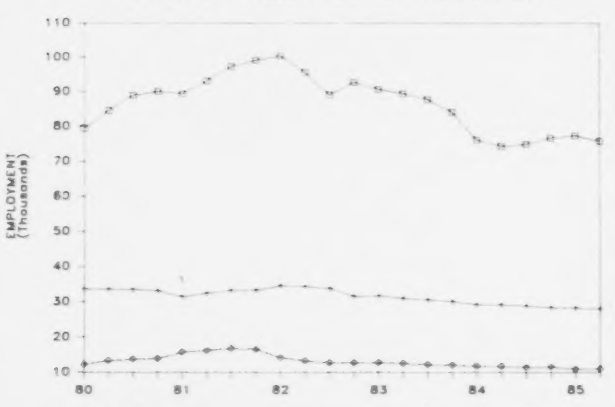
NATURAL GAS MARKETED PRODUCTION



CRUDE OIL STOCKS



ENERGY RELATED EMPLOYMENT



Figures represent TOTAL
except when otherwise noted

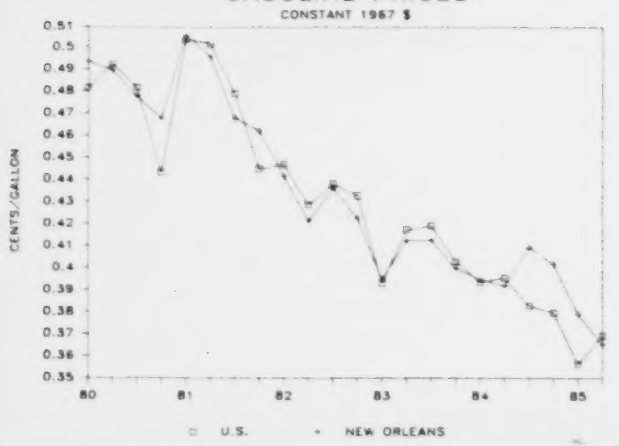
Totals may not add due to rounding

Indicator	1980	1981	1982	1983	1984	1984.3	1984.4	1985.1	Apr	May	June	1985.2	Year to Date Through Last Month Reported June 1984.2	Year to Date Through Last Month Reported June 1985.2	% Change
REFINERY RUNS (MMBPD) - Ave.	1.78	1.72	1.71	1.65	1.72	1.62	1.71	1.61	1.73	1.78	1.75	1.75	1.77	1.68	-5.1%
CRUDE OIL STOCK (MMBBLS)-Ave.	16.4	14.2	12.8	13.2	13.1	12.8	13.8	12.7	14.1	14.8	13.8	14.2	12.9	13.4	3.9%
GASOLINE CONSUMP. (Mil. Gal.)															
Louisiana	2,091	2,103	2,145	2,151	2,142	492	527	504	178	175	178	531	1,123	1036	-7.7%
U.S.	108,340	104,158	102,735	104,231	108,248	27,709	27,681	--	--	--	--	--	52,481	--	--
CRUDE OIL PRODUCTION (API)* (MBPD) - Ave.															
North	89	91	98	95	91	92	90	89	90	90	89	90	91	90	-1.1%
South	1230	1168	1165	1199	1286	1300	1321	1329	1328	1335	1331	1331	1262	1330	5.4%
Total	1319	1259	1291	1294	1377	1392	1411	1418	1418	1425	1420	1421	1353	1420	5.0%
NATURAL GAS MARKETED PROD. (BCF)															
Louisiana	6940	6780	6131	5332	5840	1404	1438	1451	489	494	482	475	2887	2878	-4.0%
EMPLOYMENT (Ave.)															
Oil & Gas Extraction (SIC13)	88.7	84.7	84.4	88.0	75.8	75.0	76.8	77.5	76.1	76.0	75.8	75.97	75.3	76.7	1.9%
Chemicals & Allied Products (SIC28)	33.4	32.8	33.5	30.9	29.0	28.5	28.4	28.3	28.1	28.0	28.2	28.10	29.2	28.2	-3.4%
Petroleum Refining (SIC29)	13.2	16.8	13.1	12.3	11.8	11.4	11.8	10.9	11.1	11.0	11.0	11.03	11.7	10.9	-6.8%
Total La. Employment	1807.9	1887.8	1878.3	1858.9	1851.8	1783.6	1758.0	1687.4	1712.8	1729.1	1751.8	1731.10	1732.9	1714.2	-1.1%

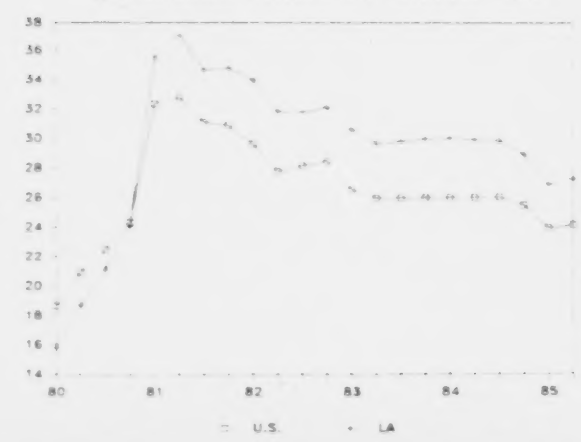
*Figures represent a reporting change from La. Office of Conservation reported figures to figures reported in WORLD OIL by Petroleum Information Corporation and the API.

Prices & Revenues

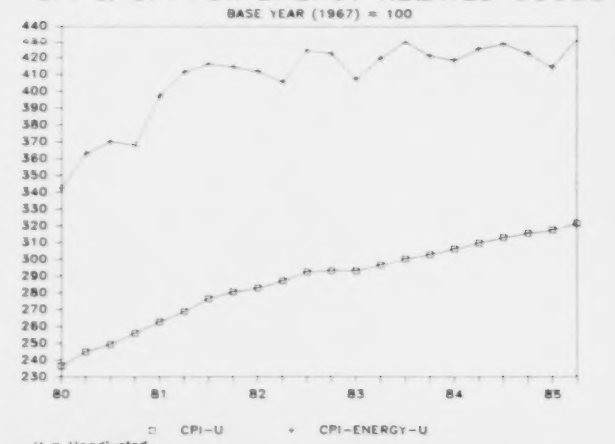
GASOLINE PRICES



WELLHEAD PRICE OF CRUDE OIL



CPI & CPI FOR ENERGY RELATED GOODS



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Indicator	1980	1981	1982	1983	1984	1984.3	1984.4	1985.1	Apr	May	June	1985.2	Year to Date Through Last Month Reported June 1984.2	Year to Date Through Last Month Reported June 1985.2	% Change
GASOLINE PRICES (Cents/Gal.)															
N.O. Ave. Retail Pump	119.0	131.4	124.5	120.9	124.3	126.2	126.7	126.3	117.0	117.4	117.6	117.3	121.2	118.8	-2.0%
U.S. Ave. Retail Pump	117.1	121.3	126.2	121.6	120.7	119.9	118.7	119.2	117.5	118.9	119.5	118.6	121.6	115.9	-4.7%
NAT. GAS PRICES ($/MCF)-Ave.															
Wellhead - U.S.	1.59	1.98	2.47	2.59	2.66	2.66R	2.65R	2.68R	2.60	2.59	2.59	2.59	2.63	2.62	-0.4%
Interstate Indet. Sale Price	2.64	3.13	3.75	4.26	4.12	4.07	4.18	4.11	3.99	3.95	3.97	3.99	4.12	4.00	-2.9%
La. Intrastate	2.68	3.38	3.89	3.74	3.67	3.68	3.64	3.53	3.35	3.27	3.24	3.32	3.58	3.42	-7.1%
WELLHEAD PRICE OF OIL ($/BBL) - Ave.															
Louisiana	19.84	28.84	32.45	30.02	29.67	28.84	28.82	28.88	27.18	27.38	27.27	27.27	28.87	27.07	-6.7%
U.S.	21.61	31.80	28.84	26.18	25.88	26.83	25.47	25.83	24.15	24.18	24.03	24.12	26.01	24.03	-7.6%
PRINCIPAL ENERGY RELATED REVENUES (Millions $)															
Sev. - Oil & Condensate	427.9	915.8	776.8	884.1	838.5	170.8	138.3	134.0	44.8	52.3	48.8	148.1	348.8	308.1	-13.4%
Sev. - Natural Gas	182.8	186.2	147.8	132.7	131.3	32.8	27.4	28.7	11.2	11.1	8.7	31.0	71.1	64.7	-9.8%
Bonuses	118.4	148.8	59.3	47.8	68.0	29.1	19.3	11.0	2.7	1.8	1.1	5.6	25.8	17.1	-33.8%
Rentals	31.8	48.4	53.7	27.7	21.2	5.7	4.2	4.2	4.8	2.0	2.8	9.6	11.3	10.2	-9.8%
Royalties	282.8	414.7	422.7	444.8	438.1	109.7	118.4	104.8	30.1	31.8	35.4	97.3	215.0	201.4	-6.3%
Special Fuels Tax	22.8	24.7	25.5	27.1	41.1	11.8	14.4	15.2	5.2	4.8	5.8	13.7	15.8	26.8	70.7%
Gasoline Tax	181.4	185.8	188.8	181.0	187.7	48.7	76.8	77.5	25.8	27.1	25.8	78.8	88.5	152.3	88.4%
Nat. Gas Franchise Tax	8.8	7.8	8.8	12.8	11.7	8.2	8.8	8.8	0.2	2.8	0.8	3.2	8.1	6.8	3.3%
Total Energy Revenues	1185.1	1780.8	1717.4	1917.8	1980.6	484.8	598.8	591.2	121.8	188.8	134.8	378.8	771.2	780.8	1.2%
GROSS NATIONAL PRODUCT	3626.1	3987.7	3968.8	3310.8	3882.8	3884.8	4788.7R	3810.8	--	--	--	3855.1	3688.8	3892.8	8.8%
PRODUCER PRICE INDEX - U	288.8	298.4	298.8	288.1	318.8	318.8R	388.8R	388.1	388.8	388.8	388.1	388.48	318.8	388.8	-8.3%
CONSUMER PRICE INDEX - U	248.8	272.4	288.1	298.4	311.1	313.1	318.4	317.4	318.1	321.8	322.8	321.88	323.1	318.3	8.8%
CONSUMER PRICE INDEX - ENERGY - U	381.1	418.8	418.1	418.8	488.8	488.8	488.8	414.2	424.4	421.7	488.8	428.87	421.8	488.8	8.2%

U = Unadjusted R = Revised

11/25/85 U2730-1A

Louisiana Energy Indicators

Center for Energy Studies

Louisiana State University Fall 1985

BACKGROUND ON THE GRAND GULF PLANT DISPUTES

Lori Cameron, Counsel, Louisiana State Senate

Battles now being waged by subsidiaries of Middle South Utilities, Inc. in state and federal regulatory and judicial arenas are being closely monitored by electricity consumers in Louisiana, three other impacted southern states, and indeed, energy experts throughout the nation. The disputes involve who will pay, how much, for what portion of the electric power produced by the Grand Gulf nuclear plant in Port Gibson, Mississippi.

Rulings on issues involved with Grand Gulf are viewed as harbingers by other utilities across the U.S. However, few people, even of those directly affected, fully understand the proceedings because of the complicated nature of the industry and its regulating authorities.

Middle South Utilities, Inc. (Middle South) is an investor-owned public utility holding company. Its corporate offices are in New Orleans, Louisiana. Middle South owns the stock of its four operating utility companies. The "operating companies", as they are referred to, are:

- Louisiana Power and Light Company (LP&L),
- New Orleans Public Service, Inc. (NOPSI),
- Arkansas Power and Light Company (AP&L),
- Mississippi Power and Light Company (MP&L).

Each operating utility serves some, but not all, of the consumers in its namesake city or state. Additionally, AP&L serves customers in Missouri. The operating companies have a jointly-owned subsidiary company called System Fuels, Inc. This company functions to procure fuel for the operating companies.

Middle South is also the whole owner of three other companies which are referred to as the "other system companies" to distinguish them from the operating companies. The other system companies are:

- Middle South Energy, Inc. (MSE),
- Middle South Services, Inc. (MSS), and
- Electec, Inc.

Middle South Energy, Inc. was formed in 1974 as a wholly-owned subsidiary by the Middle South holding company. The purpose of MSE was to finance large power plants that might not be feasible for a single operating company. MSE owns 90% of the Grand Gulf Nuclear Power Station. The remaining 10% of Grand Gulf is owned by the South Mississippi Electric Power Association (SMEPA). The operating companies own no part of Grand Gulf.

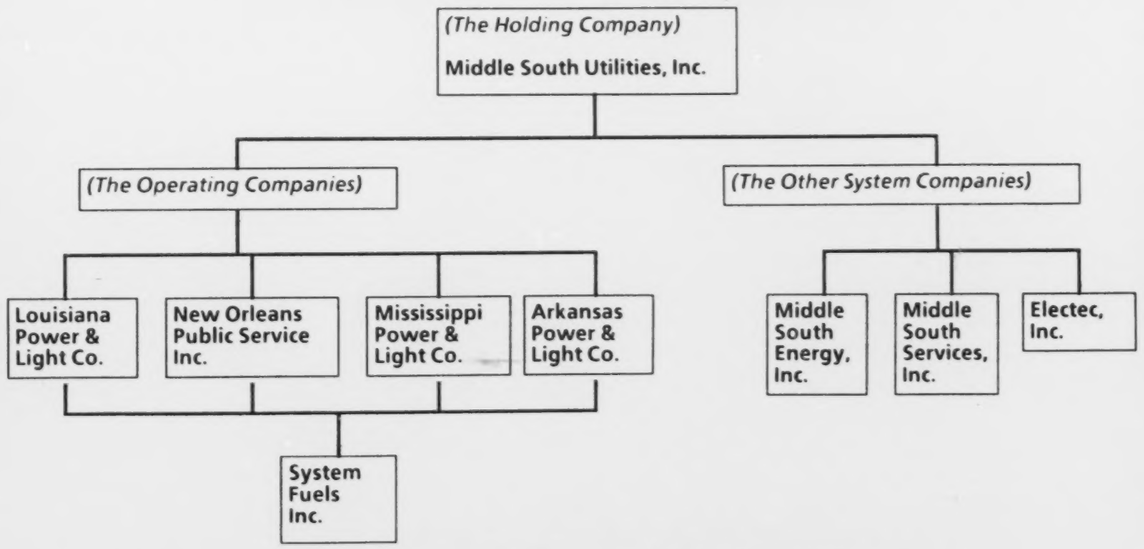
As Figure 1 illustrates, there are a total of eight different companies under the Middle South system umbrella. Relations between these subsidiaries are conducted by contract.

Although none of the four operating companies owns any share of the Grand Gulf nuclear plant, all were committed, at one time, to purchase power from the plant. MSE borrowed capital to build Grand Gulf largely on the basis of these purchase agreements.

Because of the utilities' status as regulated monopolies, agreements to purchase Grand Gulf power, and resell it to consumers, are subject to government review. The situation is complicated by the fact that wholesale and interstate transactions are generally regulated by the Federal Energy Regulatory Commission (FERC), while retail and intrastate transactions are subject

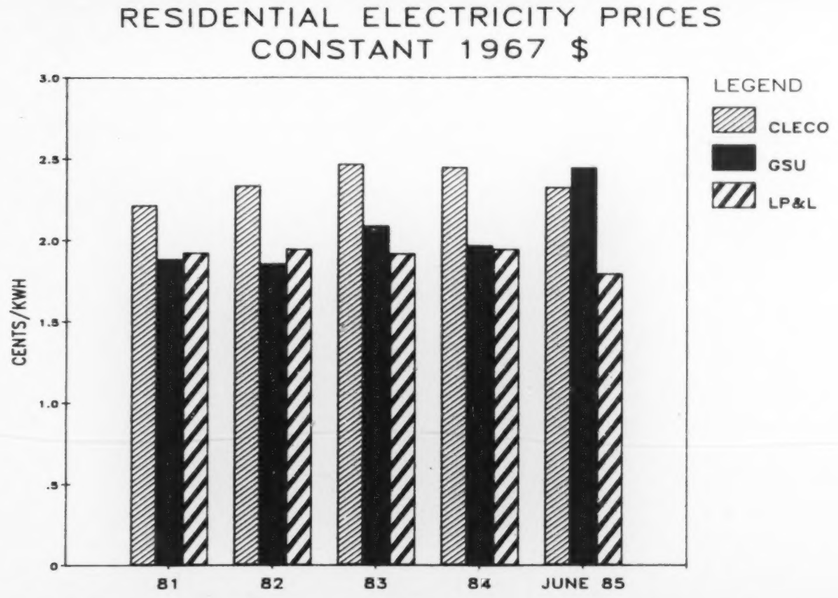
(Continued on back)

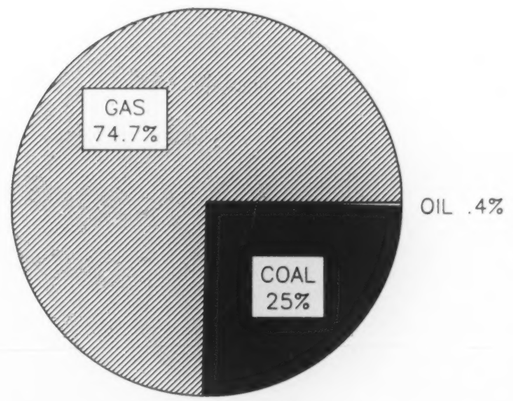
The Middle South Utility Company System

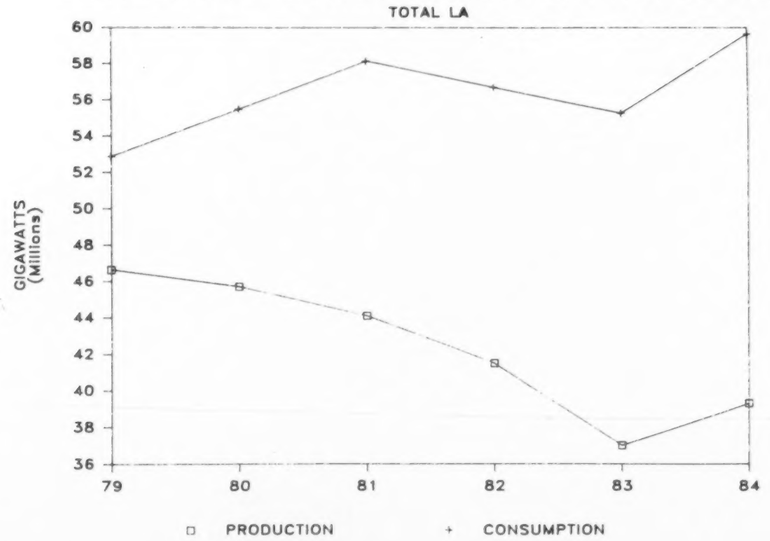


Source: Louisiana Energy Development Study Commission

Historical Presentation—Electricity







Figures represent TOTAL except when otherwise noted

Totals may not add due to rounding

Indicator	79.3	79.4	80.1	80.2	80.3	80.4	81.1	81.2	81.3	81.4	82.1	82.2
ELECTRICITY SALES BY CUSTOMER CLASS-[GIGAWATTS]*												
Residential	6,007	3,449	3,169	3,517	6,978	3,795	3,410	4,266	6,733	3,709	3,841	3,929
Commercial	2,581	2,055	1,903	2,128	2,877	2,220	2,012	2,322	2,974	2,284	2,163	2,414
Industrial	6,298	6,252	6,314	6,393	6,166	6,302	6,387	6,796	6,886	6,270	5,984	6,301
Other	864	930	888	927	1,000	936	919	1,049	1,111	1,038	921	1,036
Total	15,748	12,686	12,274	12,985	17,021	13,253	12,728	14,433	17,684	13,301	12,709	13,880
RETAIL RESIDENTIAL PRICE (Cents/KWH)-												
New Orleans	5.6	5.2	4.6	5.0	5.8	5.5	5.7	6.2	7.1	6.7	6.4	6.6
ELECTRICITY PRODUCTION [GIGAWATTS]*												
Gas Generated	11,284	8,428	8,983	9,497	12,679	9,787	8,537	10,498	11,937	9,978	8,832	9,387
Oil Generated	1,886	1,515	1,180	1,519	1,663	4,470	1,220	520	821	74	381	471
Coal Generated	0	0	0	0	0	0	67	521	730	210	268	1,036
Total	13,170	9,943	10,153	11,016	14,342	14,257	9,824	11,539	13,488	9,260	9,481	10,894

Indicator	82.3	82.4	83.1	83.2	83.3	83.4	84.1	84.2	84.3	84.4	85.1	85.2
ELECTRICITY SALES BY CUSTOMER CLASS-[GIGAWATTS]*												
Residential	6,567	3,855	3,691	3,530	6,387	3,843	4,220	3,979	6,261	4,191	4,116	4,306
Commercial	2,989	2,393	2,165	2,319	3,031	2,493	2,497	2,587	3,191	2,729	2,588	2,842
Industrial	6,279	6,130	5,828	5,777	6,199	6,231	6,327	6,633	6,592	6,349	5,919	6,213
Other	1,109	997	980	1,003	1,149	941	1,010	1,082	1,147	1,008	939	1,009
Total	16,943	13,365	12,385	12,629	16,765	13,506	13,994	14,180	17,191	14,273	13,534	14,370
RETAIL RESIDENTIAL PRICE (Cents/KWH)-												
New Orleans	6.6	6.8	6.5	6.0	6.3	6.3	6.4	6.2	6.6	6.5	6.0	6.0
ELECTRICITY PRODUCTION [GIGAWATTS]*												
Gas Generated	9,813	7,462	5,790	6,642	9,426	8,463	8,082	7,541	8,963	6,764	8,097	8,315
Oil Generated	47	41	18	27	13	300	83	12	13	32	55	7
Coal Generated	1,859	1,736	1,758	1,963	2,535	2,421	2,225	2,510	2,901	2,184	3399	3,186
Total	11,818	9,239	7,554	8,332	11,974	9,184	8,400	10,063	11,877	8,980	9,521	11,498

* 1 GWh = 1 million Kwh

(Continued from front)

to state public service commission jurisdiction.

FERC has allocated the purchase of Grand Gulf's power among the four operating companies and set the wholesale price for such purchases. However, state regulators determine the price retail customers will pay for that power. In Louisiana's case, the Public Service Commission has twice refused to grant LP&L authority to charge its customers for LP&L's share of Grand Gulf power.

Utilities may appeal decisions of their regulators to the courts. For example, decisions of the Louisiana Public Service Commission have been appealed to the state district court, while FERC decisions have gone to federal district court for clarification. In the case of Grand Gulf, LP&L has gone to both state and federal courts on appeal.

Finally, the specter of utility bankruptcy looms above all the Grand Gulf proceedings. The impact of utility bankruptcy on consumers is difficult to project since utility bankruptcy has been unknown in the United States since the 1930's.

If a utility is unable to meet its obligations it may, just as any company may, file for Chapter 11 reorganization in federal bankruptcy court. The goal of Chapter 11 proceedings is to get the company back in a financially solvent position.

There are two important points relative to bankruptcy reorganization. The first is that the company continues normal business operations. The second is that if the reorganization plan provides for any rate change, regulatory agencies with jurisdiction over rates must approve it before the plan is accepted by the bankruptcy judge.

A negotiated plan acceptable to creditors, regulators, the company, and the bankruptcy court would no doubt take a while to develop. Similarly, the appeal process from regulatory decisions may also be a lengthy one. In any case, the Grand Gulf nuclear plant may be a matter of continued concern for the foreseeable future.

FOOTNOTES

1. Industrial Sale Price by Major Pipeline Companies
2. Intrastate price was computed as the weighted average price charged by Louisiana Intrastate, Monterey, and Acadian gas transmission companies.

SOURCES OF INDICATOR DATA

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Energy Price Index.

Electric Power Monthly. U.S. Dept. of Energy. Energy Information ministrative. Office of Coal. Nuclear, Electric, and Alternate Fuels.
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Crude Oil Prices

Monthly Motor Fuel Reported by States. U.S. Dept. of Transportation. Monthly. Federal Highway Administration
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Natural Gas Monthly. U.S. Dept. of Energy. Energy Information Administration.
Interstate Natural Gas Price Data
Wellhead Price of Natural Gas—U.S.
Production Data

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Taxes and Revenues

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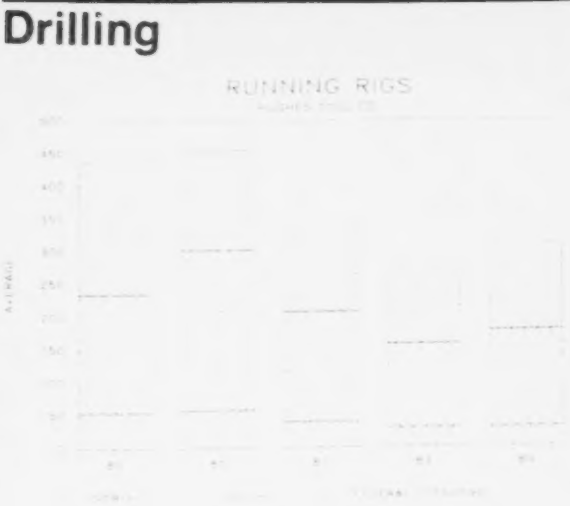
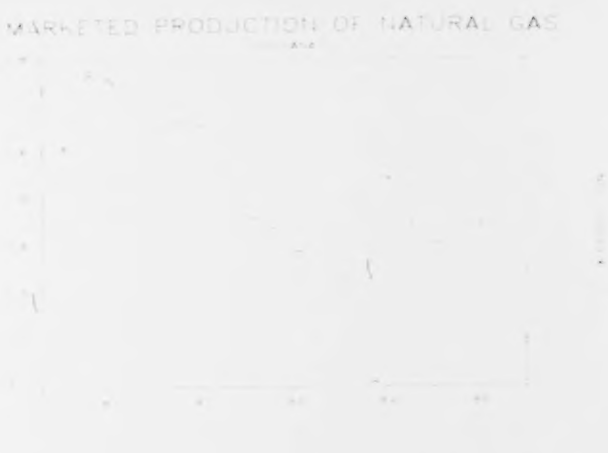
Drilling





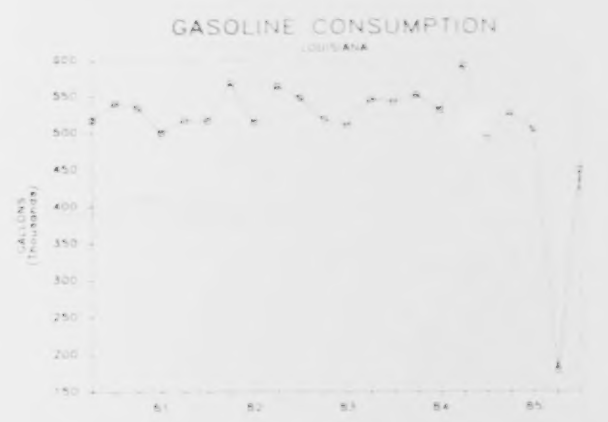
Figures represent TOTAL
except when otherwise noted

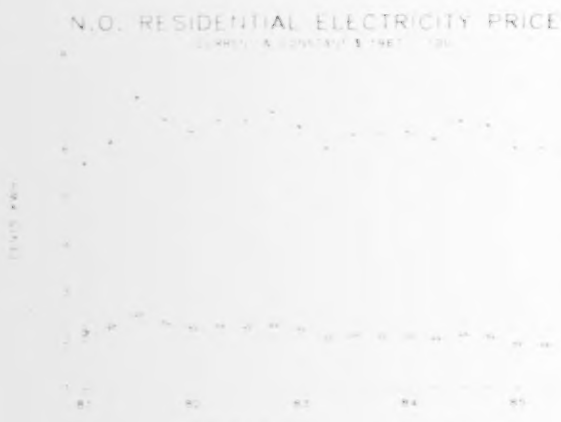
Totals may not add due to rounding

Indicator	1980	1981	1982	1983	1984	1984.4	1985.1	1985.2	Jul	Aug	Sept	1985.3	Year to Date Through Last Month Reported Sept 1984.3	Year to Date Through Last Month Reported Sept 1985.3	% Change
CRUDE OIL ALLOWABLES [Ave.]															
North	105.8	112.4	113.2	115.4	114.8	111.5	117.1	111.5	107.0	107.0	103.3	105.8	116.0	111.4	-4.0%
South	375.7	340.1	319.7	307.2	311.6	318.3	316.8	317.1	324.6	324.6	322.5	323.9	309.4	319.3	3.2%
Offshore	79.4	75.8	72.1	70.6	75.5	77.3	75.4	76.7	79.5	79.5	79.4	79.5	74.9	77.2	3.1%
Total	560.9	528.3	505.0	493.2	501.9	507.1	509.3	505.3	511.1	511.1	505.2	509.1	500.3	507.9	1.5%
GAS WELLS COMPLETED*															
North	1173	1319	1014	586	680	195	174	108	75	107	59	241	485	523	7.8%
South	276	283	287	226	169	28	62	81	31	16	23	70	141	213	51.1%
Offshore [Incl. Fed. Waters]	64	60	68	134	64	10	21	21	4	4	6	14	54	56	3.7%
Total	1513	1662	1369	946	913	233	257	210	110	127	88	325	680	792	16.5%
DRY HOLES DRILLED*															
North	822	1094	1067	898	1207	337	283	269	98	114	95	307	870	858	-1.4%
South	602	855	758	654	661	148	139	174	59	51	51	161	513	474	-7.6%
Offshore [Incl. Fed. Waters]	198	267	265	471	276	47	82	75	20	22	15	57	229	194	-15.3%
Total	1622	2216	2090	2023	2144	532	484	517	177	187	161	525	1612	1526	-5.3%
RUNNING RIGS [Ave.Hughes Tool]															
North	55r	58r	40r	29r	30	20	32	25	23	29	25	26	31	28	-9.7%
South	180r	244r	168r	128	147	159	147	126	124	124	115	121	144	132	-8.3%
Offshore [Federal]	206r	154r	137r	125	132	148	141	129	118	127	122	122	127	131	3.1%
Total	441r	456r	345r	282	309	327	320	280	265	280	262	269	302	291	-3.6%
DRILLING PERMITS ISSUED															
Exploratory	898	1086	727	645	702	208	116	154	68	76	40	184	494	470	-4.9%
Developmental	5339	5195	4454	4845	6929	2117	1157	1104	551	464	394	1409	4812	3710	-22.9%
Total	6237	6281	5181	5494	7631	2325	1273	1258	619	540	434	1593	5306	4180	-21.2%

*Figures represent a reporting change from La. Office of Conservation reported figures to figures reported in WORLD OIL by Petroleum Information Corporation and the API. CES maintains additional data in the Indicators Database.

Production, Consumption & Employment





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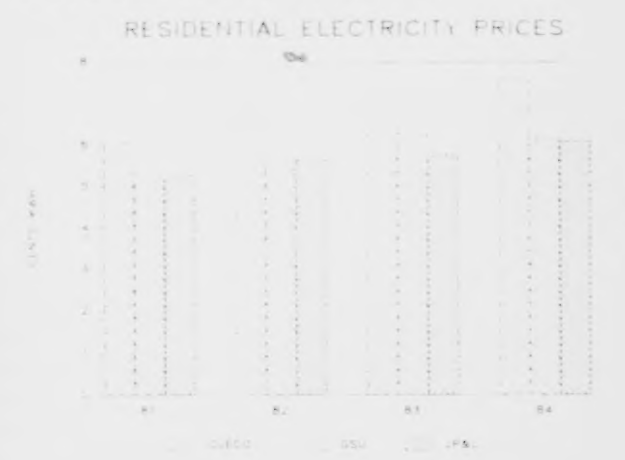
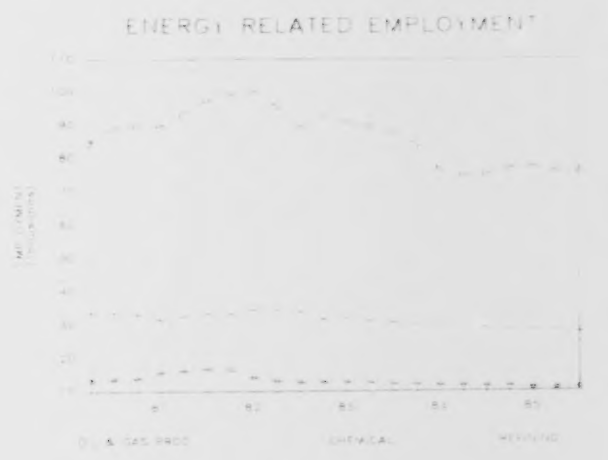
Indicator	1980	1981	1982	1983	1984	1984.4	1985.1	1985.2	Jul	Aug	Sept	1985.3	Year to Date Through Last Month Reported Sept 1984.3	Year to Date Through Last Month Reported Sept 1985.3	% Change
NATURAL GAS MARKETED PROD.															
Louisiana [BCF]	8940	6780	6131	5332	5840	1439	1451	1263r	404	384	410	1198	4401	3911	-11.1%
REFINERY RUNS [MMBPD] - Ave.	1.78	1.72	1.71	1.65	1.72	1.71	1.61	1.75	1.81	1.59	1.69	1.70	1.72	1.68	-2.3%
GASOLINE CONSUMP. [Mil. Gal.]															
Louisiana	2,081	2,103	2,145	2,151	2142	527	504	531	118	139	191	448	1,615	1,484	-8.1%
U.S.	106,340	104,158	102,735	104,231	106,299r	26,892r	25,080	27,567	--	--	--	--	--	--	--
ELECTRICITY PRODUCTION [GWh]*															
Gas Generated	40,955	39,948	35,594	28,311	29,360	6,764	6,087	8,315	2,675	3,165	2,438	8,278	22,569	22,660	0.4%
Oil Generated	4,788	2,635	940	356	140	32	55	7	2	19	2	23	108	85	-21.3%
Coal Generated	0	1,528	4,998	8,377	8,830	2,194	3,389	3,168	1,454	1,353	1,198	4,005	7,636	10,572	38.4%
Total Generated	45,743	44,111	41,532	37,044	38,330	8,990	9,521	11,490	4,131	4,537	3,638	12,306	30,313	33,317	9.9%
ELECTRICITY CONSUMPTION [GWh]*															
Residential	17,459	18,118	17,992	17,351	18,550	4,191	4,118	4,306	2,117	2,256	2,288	6,661	14,359	15,083	5.0%
Commercial	9,128	9,591	9,959	10,008	10,941	2,726	2,568	2,642	1,093	1,117	1,168	3,378	8,215	8,786	7.0%
Industrial	25,175	26,318	24,694	23,636	25,900	6,348	5,919	6,213	1,991	2,015	2,095	6,101	19,552	18,233	-6.7%
Other	3,751	4,117	4,052	4,072	4,247	1,008	833	1,009	375	381	369	1,105	3,239	3,047	-5.9%
Total	55,513	58,144	56,697	55,267	59,638	14,273	13,534	14,370	5,576	5,749	5,920	17,245	45,365	45,149	-0.5%
EMPLOYMENT [Thousands] - Ave.															
Oil and Gas Production [SIC13]	85.7	94.7	94.4	86.0	75.6	76.8	77.5	75.9	76.0	75.8	75.6	75.8	75.2	76.4	1.6%
Chemicals and Allied Products [SIC28]	33.4	32.6	33.5	30.8	28.9	28.4	28.3	28.1	27.9	27.8	27.8	27.8	28.1	28.0	-3.8%
Petroleum Refining [SIC29]	13.2	15.3	13.1	12.3	11.6	11.6	10.9	11.0	11.0	11.0	11.1	11.0	11.6	10.9	-6.0%
Total Louisiana	1607.8	1697.8	1678.3	1656.8r	1751.8r	1758.0	1697.4	1731.1	1755.9	1780.3	1800.4	1778.9	1749.8	1735.8	-0.8%

* 1 GWh = 1 million KWh

Prices & Revenues





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GASOLINE PRICES [Cents/Gal.]															
N.O. Ave. Retail Pump	119.0	131.4	124.5	120.9	124.3	126.7	120.3	117.3	117.9	117.3	116.7	117.3	123.5	118.3	-4.2%
U.S. Ave. Retail Pump	117.1	131.2	126.2	121.8	120.7	119.7	113.2	118.6	119.3	118.4	117.2	118.3	121.0	116.7	-3.6%
NAT. GAS PRICES [$/MCF]-Ave.															
Wellhead - U.S.	1.59	1.98	2.47	2.59	2.60r	2.55r	2.71r	2.64r	2.56	2.56	2.55	2.56	2.62	2.63	0.4%
Interstate Indust. Sales [1]	2.54	3.13	3.75	4.28	4.12	4.18	4.00	3.89	3.83	3.75	3.80	3.79	4.11	3.89	-5.4%
La. Intrastate * [2]	2.68	3.38	3.69	3.74	3.67	3.64	3.53	3.32	3.28	3.08	3.07	3.14	3.67	3.42	-6.8%
*Excludes Acadian Gas Co.															
PRINCIPAL ENERGY RELATED STATE REV.[Millions $]															
Sev. - Oil & Condensate	427.9	815.3	776.8	664.1	853.5	136.3	154.0	146.0	53.4	43.4	55.7	152.5	517.2	452.5	-12.5%
Sev. - Natural Gas	182.0	164.2	147.5	132.7	131.3	27.4	33.7	31.0	11.1	7.7	11.7	30.5	103.9	95.1	-8.5%
Bonuses	118.4	141.6	59.3	47.0	68.0	19.3	11.6	5.6	2.4	0.2	6.5	9.1	48.7	26.0	-46.6%
Rentals	31.6	48.4	53.7	27.7	21.2	4.2	4.2	6.7	1.6	1.0	2.3	4.9	17.0	15.8	-7.1%
Royalties	252.6	414.7	482.7	444.9	436.1	112.4	104.0	97.3	30.7	30.4	33.0	94.1	323.7	294.9	-8.9%
Special Fuels Tax	22.9	24.7	25.5	27.1	41.1	14.4	13.2	13.7	5.3	4.7	3.7	13.7	26.6	40.5	52.3%
Gasoline Tax	161.4	165.6	162.3	161.0	227.7	76.5	77.5	75.6	23.6	26.6	21.2	71.4	149.1	224.6	50.6%
Nat. Gas Franchise Tax	6.3	7.8	9.6	12.5	11.7	2.5	3.0	3.3	0.8	1.1	0.5	2.4	9.2	8.7	-5.4%
Total Energy Revenues	1183.1	1780.3	1717.4	1517.0	1590.6	395.0	401.2	379.4	128.9	115.1	134.6	378.6	1195.4	1158.1	-3.1%
Total State Rev. [Cal. Yr.]	3047.0	3462.3	3969.3	3775.0	3785.2	978.2	1008.4	1287.8	339.3	320.0	368.8	1028.9	2807.0	3332.2	18.7%
Energy Related Revenues As % of State Total	38.8	51.4	43.3	40.2	42.0	40.4	39.8	29.2	38.0	36.0	36.7	36.8	42.6	34.8	-18.3%
Gross Nat. Prod. [Billions $]	2826.1	2937.7	3066.5	3310.5	3662.8	3758.7	3810.8	3853.1	--	--	--	3701.2	3830.9	3859.9	8.3%
Prod. Price Index - U	288.8	293.4	298.3	303.1	310.3	309.8	309.1	309.4	309.0	307.2	305.8	307.3	310.4	308.6	-0.6%
Cons. Price Index - U	246.8	272.4	289.1	298.4	311.1	315.4	317.4	321.2	322.8	323.5	324.5	323.6	309.7	320.8	3.6%
CPI - Energy - U	361.1	410.0	416.1	419.3	423.8	422.5	414.2	431.0	437.1	433.8	432.8	434.5	423.8	428.5	0.8%

U = Unadjusted r = Revised

3/13/86 n2730-1

Louisiana Energy Indicators

Center for Energy Studies
Louisiana State University Winter 1985

Overview of Issues Facing Louisiana's Petroleum Refining

by
T. Michael French
Manager, Technology Assessment Section
Energy Division
Louisiana Department of Natural Resources

Background

The problems facing Louisiana refineries directly parallel what is occurring in the U.S. refining industry as a whole. Louisiana is maintaining its relative share of total U.S. operable refinery capacity. Over the past three years, Louisiana's share of U.S. operable refinery capacity has remained stable at 14% of U.S. capacity. As of January 1985, Louisiana operable crude distillation capacity at 21 refineries was 2,174,000 barrels per calendar day (bcd) out of a total U.S. capacity of 15,722,000 bcd at 229 refineries. Only Texas and California exceed Louisiana's refinery capacity.

The refining industry in Louisiana is as diverse as the difficulties facing it. The problems facing it are by no means insurmountable. The rash of shutdowns in Louisiana (See Table I) and throughout the U.S. does not spell doom for the industry in the state. The refining industry has undergone drastic changes since the 1973-74 Arab embargo. These changes have resulted in a highly competitive industry that has forced out the inefficient and non-competitive refiners particularly since decontrol of oil and the elimination of the Oil Entitlements Program in 1981. To better understand these changes, it is helpful to examine four key issues: (1) Overcapacity, (2) Competitiveness of Majors versus Independents, (3) Imports, and (4) Refinery Profits as a Matter of Perspective. These issues are summarized below.

TABLE I
Refineries Shutdown in Louisiana Since January 1981

Refinery	Location	Crude Distillation Capacity (B/CD)	Date of Last Operation	Date Shutdown	Years in Operation
Bayou State Oil Corp.	Hosston, La.	3,000	1/81	3/82	25+
Celeron Oil & Gas Co.	Mermentau, La.	11,000	2/83	8/84	6
Evangeline Refining Co.	Jennings, La.	4,500	12/82	12/82	25+
GHR Energy Corp.	Good Hope, La.	300,000	12/82	9/83	15
Gulf Oil Corp.	Venice, La.	28,700	4/81	12/81	13
Hill Petroleum Co.	Krotz Springs, La.	57,400	9/84	11/84	6
Lake Charles Refining Co.	Lake Charles, La.	28,000	4/81	2/82	2
Mallard Resources Inc.	Gueydan, La.	7,400	11/83	12/83	4
Mac Tan Refining Corp.	St. James, La.	19,300	7/81	8/83	6
Port Petroleum Inc.	Stonewall, La.	3,200	12/83	2/84	4
Schulze Processing Inc.	Tallulah, La.	1,760	5/81	8/82	4
Shepard Oil Co.	Jennings, La.	10,000	5/81	2/82	4
Sooner Refining Co.	Darrow, La.	8,000	1/82	2/82	2
T & S Refining Co.	Jennings, La.	10,500	7/81	3/82	2

Source: U.S. Department of Energy, Energy Information Administration July 1985

Overcapacity

There is currently significantly more refining capacity in the U.S. than there is demand for refined products. This has been the major cause of the rash of shutdowns across the U.S. It is the independents that have been hardest hit by closures in Louisiana. Although refinery closures have slowed over the past year, there will probably be more until supply comes more into balance with demand.

Competitiveness of Majors vs. Independents

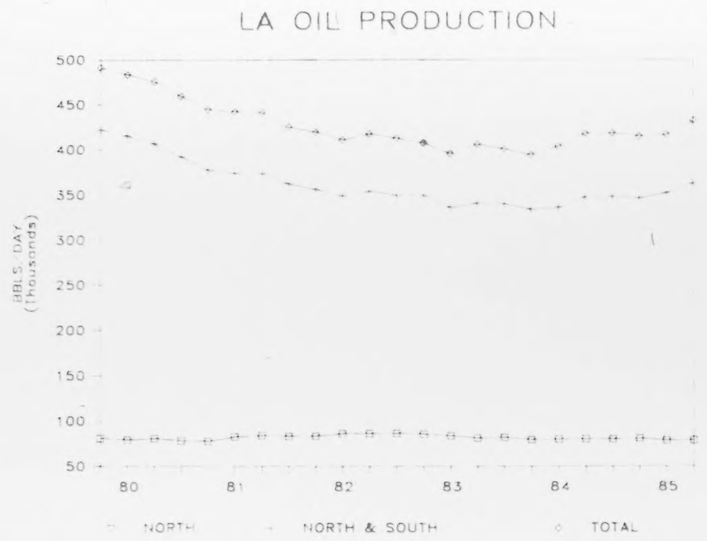
Generally, independents are at a severe disadvantage when forced to compete with the majors in an over supplied market condition. The main weaknesses for the independents are: (a) deregulation of the oil industry which ended the crude oil entitlements program that enabled independents to obtain crude oil at costs competitive with the majors; (b) the lack of downstream processing facilities; (c) the EPA - mandated phase-out of lead antiknock compounds; (d) the loss of market niches once ignored by the majors; and (e) the lack of captive crude supplies.

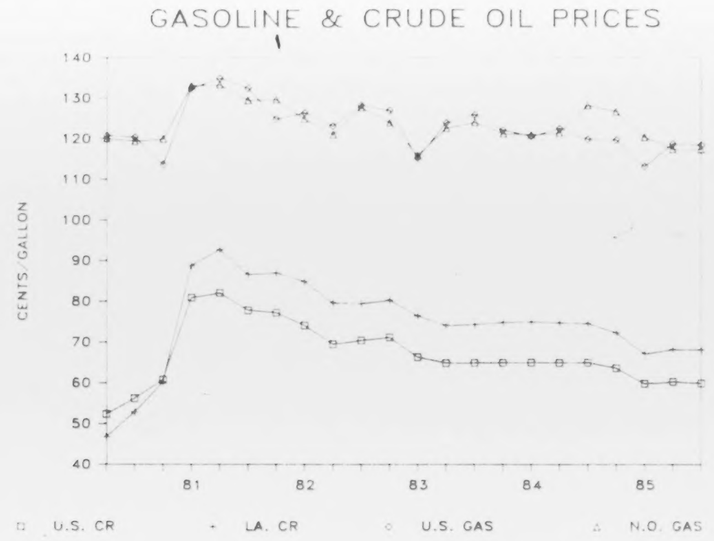
Imports

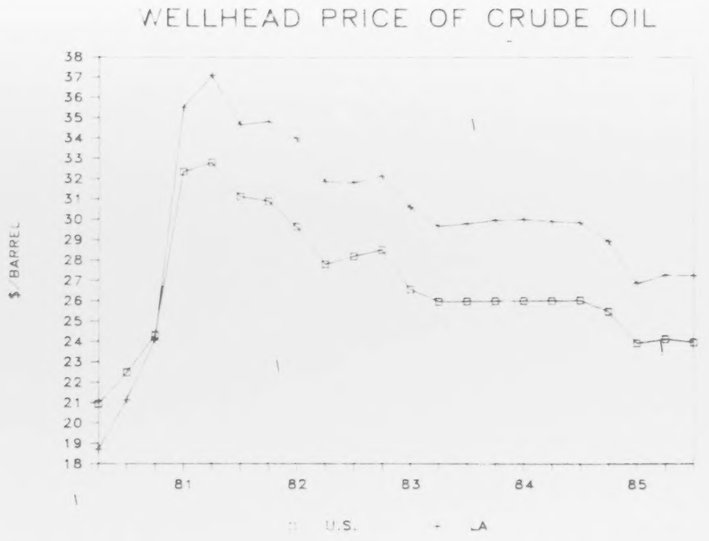
Importation of foreign crude and refined products is essential because the U.S. is not self-sufficient in petroleum production. Imports of foreign crude and refined products presently supply about one third of the nation's petroleum needs. One third of the crude supply to Louisiana refineries is imported. Foreign product imports are beginning to put some pressure on U.S. refineries in the form of downward pressure on prices. Over the next few years, product imports are unlikely to pose a serious threat to U.S. or Louisiana refineries. In the long run, however, the expansion of export refineries in the overseas producing coun-

(Continued on back)

Historical Presentation—Crude Oil







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Indicator	79.4	80.1	80.2	80.3	80.4	81.1	81.2	81.3	81.4	82.1	82.2	82.3
OIL WELLS COMPLETED*												
North	208	189	315	183	277	281	374	257	202	267	313	221
South	51	63	54	71	81	175	76	77	76	70	72	63
Offshore (Incl. Fed. Waters)	11	5	9	10	- 2	18	7	8	17	16	14	11
Total	270	257	378	264	360	474	457	342	295	353	399	295
CRUDE OIL STOCK (MMBBLS) - Ave.	16.9	16.0	16.4	16.6	16.5	14.7	14.4	14.0	13.5	13.8	12.0	13.2
CRUDE OIL PRODUCTION (MBPD) - Ave.												
North	80.7	79.3	80.9	78.4	77.8	82.7	84.4	83.4	83.6	86.4	86.3	86.6
South	341.5	338.0	325.7	313.9	300.1	291.5	289.9	279.0	272.7	262.6	268.1	263.1
Offshore (State)	69.0	68.2	69.2	67.3	66.8	68.1	67.3	62.7	63.5	61.7	63.4	62.9
Total	491.2	483.5	475.8	459.6	444.7	442.3	441.6	425.1	419.8	410.7	417.8	412.6
WELLHEAD PRICE OF OIL ($/BBL) - Ave.												
Louisiana	13.43	15.82	18.71	21.14	24.09	35.53	37.11	34.68	34.83	33.99	31.86	31.82
U.S.	15.89	18.67	20.84	22.48	24.32	32.36	32.82	31.13	30.80	29.65	27.81	28.20

Indicator	82.4	83.1	83.2	83.3	83.4	84.1	84.2	84.3	84.4	85.1	85.2	85.3
OIL WELLS COMPLETED*												
North	325	352	331	281	428	291	443	573	480	505	624	514
South	83	67	84	94	66	92	131	82	89	71	105	128
Offshore	8	42	72	49	34	40	35	24	23	34	50	21
Total	416	461	487	424	528	423	609	679	592	610	779	663
CRUDE OIL STOCK (MMBBLS) - Ave.	12.3	12.0	13.8	13.5	13.6	12.4	13.4	12.8	13.9	12.7	14.3	14.0
CRUDE OIL PRODUCTION (MBPD) - Ave.												
North	85.8	83.8	81.3	82.0	79.3	80.1	80.4	80.1	80.8	78.6	78.5	N/A
South	264.0	252.3	259.9	258.3	255.0	256.1	267.2	268.4	265.5	273.7	284.2	N/A
Offshore (State)	57.7	59.4	64.9	65.0	59.8	67.4	70.5	70.0	68.5	64.1	69.4	N/A
Total	407.5	395.5	406.1	405.3	394.1	403.6	418.1	418.5	414.8	416.4	432.1	N/A
WELLHEAD PRICE OF OIL ($/BBL) - Ave.												
Louisiana	32.15	30.61	29.69	29.81	29.98	30.02	29.91	29.84	28.92	28.86	27.27	27.23
U.S.	26.52	26.57	25.97	25.99	26.00	26.01	26.01	26.03	25.47	23.93	24.12	23.95

*Figures reflect a reporting change from La. Office of Conservation reported figures to figures reported in WORLD OIL by Petroleum Information Corporation and the API. CES maintains additional data in the Indicators Database.

(Continued from front)

tries creates a cause for alarm. This issue will have to be followed closely.

Refinery Profits as a Matter of Perspective

For major oil companies that are integrated from exploration and production to refining and downstream petrochemicals to retail sales, refining is an essential structural element to facilitate maximum business flexibility and maximum total return on the companies' crude holdings. For this reason, the majors will proibably always continue their refining activities whether or not the refining aspect of their activities is very profitable. Most of the independent refineries, however, do not have the profits from upstream and downstream activities to carry the refining activities through the bad times. To the independent refiner, low profits or no profits in refining is likely to force the independent out of business.

Outlook

As domestic oil production declines, the ability to receive foreign crude, refine it, and ship the products to end use markets will become increasingly important to the survival of a domestic refining industry. Louisiana's ocean going port facilities, Mississippi River transportation, and pipeline network, combined with the state's refining industry's ability to process a wide range of crude types and qualities, place Louisiana's major refiners in an excellent position to continue leading the country as a major refining state.

Louisiana's refining industry as a whole is well on its way in making the necessary changes to ensure a competitive future. The few remaining small independent refiners in the state, however, will continue having difficulty surviving in a demand-limited market such as the current "oil glut."

FOOTNOTES

1. Industrial Sale Price by Major Pipeline Companies
2. Intrastate price is computed as the weighted average price charged by Louisiana Instrastate, Monterey, and Acadian gas transmission companies. Due to questionable figures, Acadian gas is not figured in the 1985 3rd quarter price.

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Intrastate Natural Gas Prices

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Taxes and Revenues

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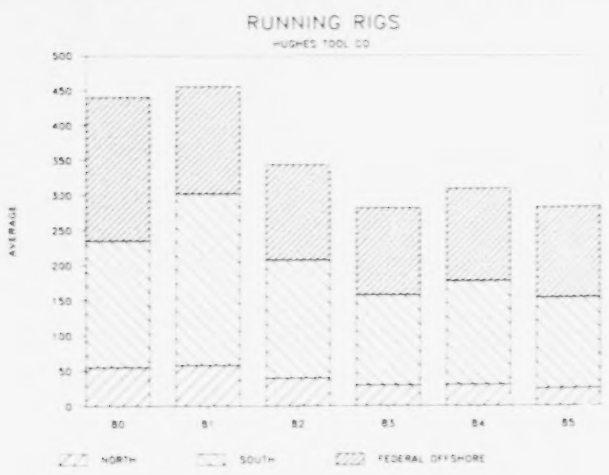
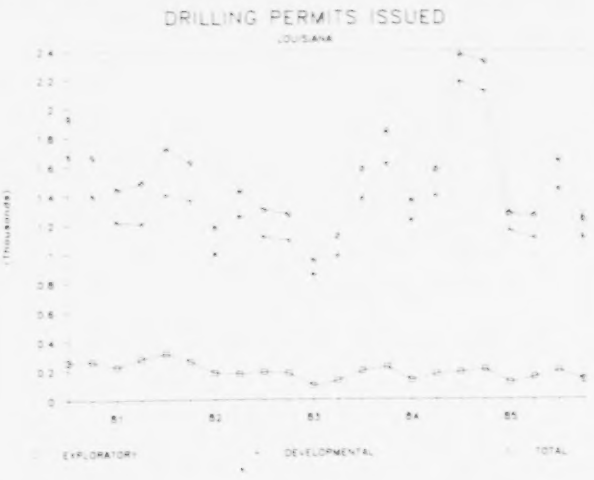
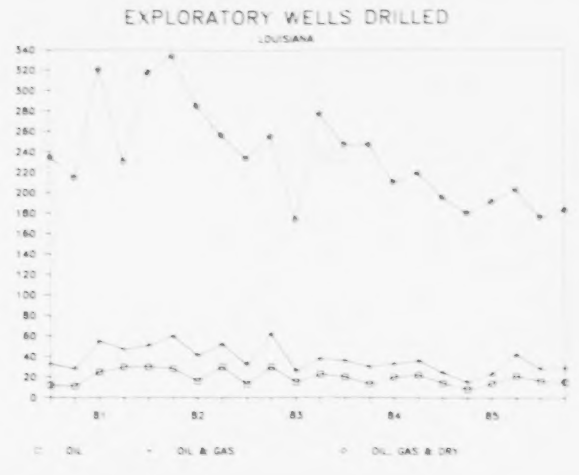
Drilling







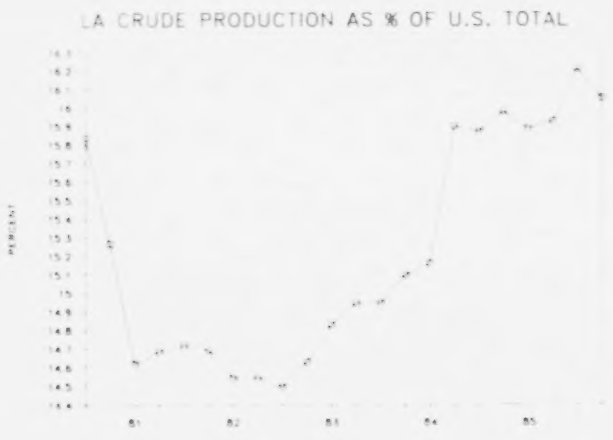
Figures represent TOTAL except when otherwise noted

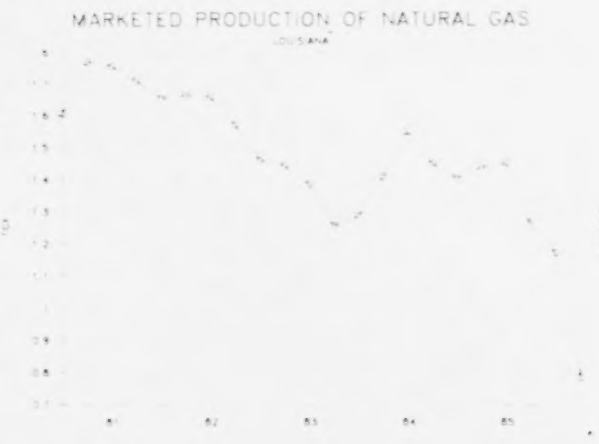
Totals may not add due to rounding

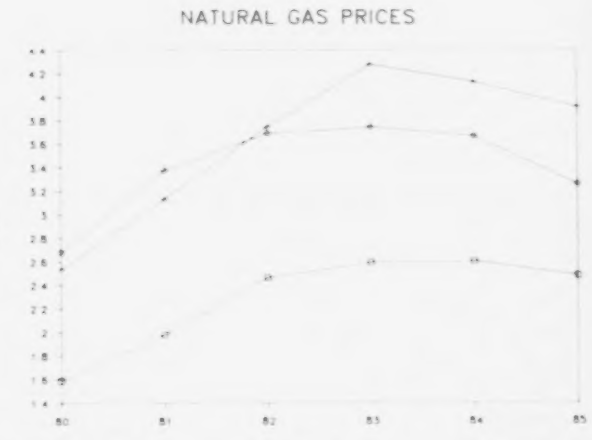
Indicator	1980	1981	1982	1983	1984	1985.1	1985.2	1985.3	Oct	Nov	Dec	1985.4	Year to Date Through Last Month Reported Dec 1984	Year to Date Through Last Month Reported Dec 1985	% Change
OIL WELLS COMPLETED*															
North	964	1114	1126	1392	1787	505	624	514	218	203	60	481	1787	2124	18.9%
South	269	404	288	311	394	71	105	128	35	62	24	121	394	425	7.9%
Offshore (Incl. Fed. Water)	26	50	49	197	122	34	50	21	1	8	4	13	122	118	-3.3%
Total	1259	1568	1463	1900	2303	610	779	663	254	273	88	615	2303	2667	15.8%
GAS WELLS COMPLETED*															
North	1173	1319	1014	586	680	174	108	241	61	108	27	196	680	719	5.7%
South	276	283	287	226	169	62	81	70	11	31	12	54	169	267	58.0%
Offshore (Incl. Fed. Water)	64	60	58	134	64	21	21	14	4	3	1	8	64	64	0.0%
Total	1513	1662	1369	946	913	257	210	325	76	142	40	258	913	1050	15.0%
DRY HOLES DRILLED*															
North	822	1094	1067	898	1207	283	268	307	132	133	54	319	1207	1177	-2.5%
South	602	855	758	654	661	139	174	161	36	68	42	146	661	620	-6.2%
Offshore (Incl. Fed. Water)	198	267	265	471	275	62	75	57	14	42	19	75	276	269	-2.5%
Total	1622	2216	2090	2023	2144	484	517	525	182	243	115	540	2144	2066	-3.6%
RUNNING RIGS (Ave.Hughes Tool)															
North	55	58	40	29	30	32	25	26	13	14	21	16	30	25	-16.7%
South	180	244	168	128	147	147	126	121	112	120	134	122	147	129	-12.2%
Offshore (Federal)	206	154	137	125	132	141	129	122	124	124	128	125	132	129	-2.3%
Total	441	456	345	282	309	320	280	269	249	258	283	263	309	283	-8.4%
DRILLING PERMITS ISSUED															
Exploratory	898	1086	727	645	702	116	154	200r	55	34	40	129	702	599	-14.7%
Developmental	5339	5195	4454	4849	6929	1157	1104	1449r	443	264	394	1101	6929	4811	-30.6%
Total	6237	6281	5181	5494	7631	1273	1258	1649r	498	298	434	1230	7631	5410	-29.1%

*Figures represent a reporting change from La. Office of Conservation reported figures to figures reported in WORLD OIL by Petroleum Information Corporation and the API. CES maintains additional data in the Indicators Database.

Production & Consumption







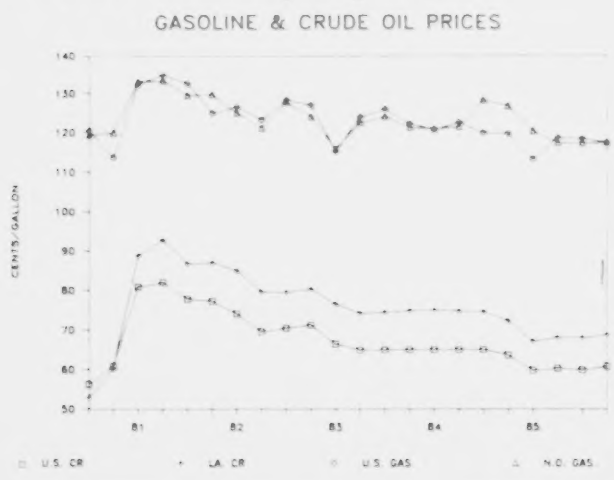
Figures represent TOTAL except when otherwise noted

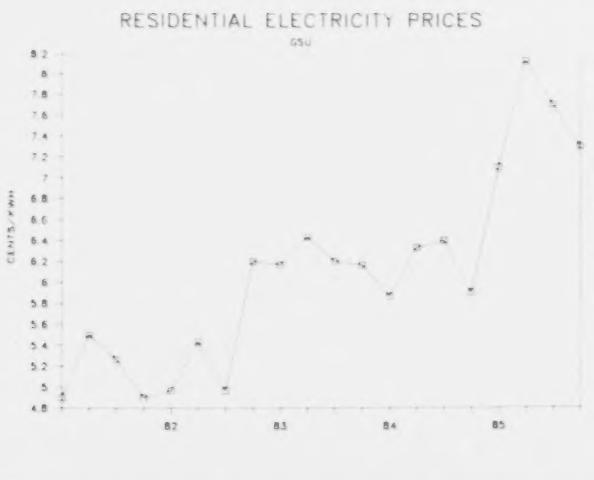
Totals may not add due to rounding

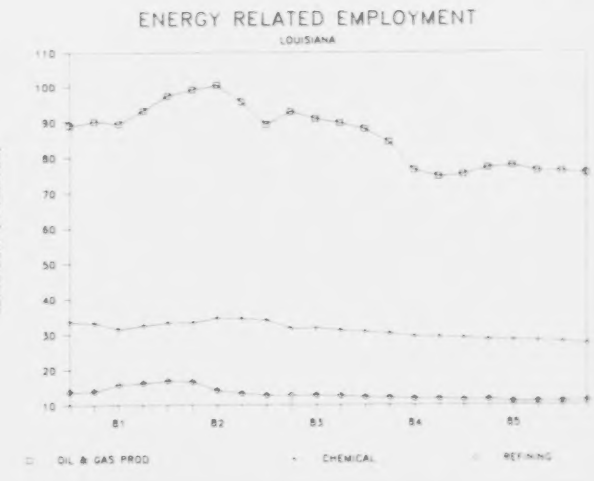
Indicator	1980	1981	1982	1983	1984	1985.1	1985.2	1985.3	Oct	Nov	Dec	1985.4	Year to Date Through Last Month Reported Dec 1984	Year to Date Through Last Month Reported Dec 1985	% Change
CRUDE OIL PRODUCTION (API)* (MBPD) - Ave.															
North	89	91	96	95	91	89	90	87	85	85	85	85	91	88	-3.3%
South (Incl. Fed. Offshore)	1230	1168	1165	1199	1286	1329	1331	1354	1344	1347	1355	1349	1286	1341	4.3%
Total	1319	1259	1261	1294	1377	1418	1421	1441	1429	1432	1440	1434	1377	1429	3.8%
NATURAL GAS ALLOWABLES (MMCFPD) - Ave.															
Onshore	1.21	1.19	1.12	0.97	1.05	1.04	1.07	1.07	1.16	1.16	1.16	1.16	1.05	1.08	2.9%
Offshore	0.35	0.35	0.34	0.30	0.29	0.25	0.26	0.25	0.25	0.25	0.25	0.25	0.29	0.25	-13.8%
Total	1.56	1.54	1.46	1.27	1.34	1.29	1.33	1.32	1.41	1.41	1.41	1.41	1.34	1.33	-0.7%
NATURAL GAS MARKETED PROD. Louisiana (BCF)	6940	6790	6131	5332	5840	1451	1264r	1171	386	396	427	1209	5840	5095	-12.8%
REFINERY RUNS (MMBPD) - Ave.	1.78	1.72	1.71	1.65	1.72	1.61	1.75	1.70	1.79	1.86	1.96	1.87	1.72	1.73	0.6%
CRUDE OIL STOCK-E.O.M. Ave. (MMBBLS)	16.4	14.2	12.9	13.2	13.1	12.7	14.3r	14.0	11.1	12.5	14.1	12.6	13.1	13.4	2.3%
GASOLINE CONSUMP. (Mil. Gal.)															
Louisiana	2,081	2,103	2,145	2,151	2,142	504	531	448	110	132	221	465	2,142	1,946	-9.2%
U.S.	106,340	104,158	102,735	104,231	106,331r	25,063	25,570	--	--	--	--	--	106,331	--	--
ELECTRICITY CONSUMPTION (GWH)**															
Residential	17,459	18,118	17,992	17,351	18,550	4,116	4,306	6,661	1,573	1,274	1,246	4,093	18,550	19,176	3.4%
Commercial	9,128	9,591	9,959	10,008	10,941	2,566	2,842	3,378	1,010	913	867	2,790	10,941	11,576	5.8%
Industrial	25,175	26,318	24,694	23,836	25,900	5,919	6,213	6,101	1,942	1,932	1,960	5,834	25,900	24,067	-7.1%
Other	3,751	4,117	4,052	4,072	4,247	933	1,009	1,105	329	321	296	946	4,247	3,993	-6.0%
Total	55,513	58,144	56,697	55,267	59,638	13,534	14,370	17,245	4,854	4,440	4,369	13,663	59,638	58,812	-1.4%

*Figures represent a reporting change from La. Office of Conservation reported figures to figures reported in WORLD OIL by Petroleum Information Corporation and the API. CES maintains additional data in the Indicators Database.
**1 GWh = 1 Million KWh

Prices & Employment







Figures represent TOTAL except when otherwise noted

Totals may not add due to rounding

Indicator	1980	1981	1982	1983	1984	1985.1	1985.2	1985.3	Oct	Nov	Dec	1985.4	Year to Date Through Last Month Reported Dec 1984	Year to Date Through Last Month Reported Dec 1985	% Change
ELEC. PRICES (Cents/KWH)-Ave. RESIDENTIAL															
CLECO	5.1	6.1	6.8	7.4	7.6	7.3	7.4	7.4	7.6	6.9	6.6	7.0	7.6	7.3	-3.9%
GSU	4.1	5.1	5.4	6.2	6.1	7.1	8.1	7.7	7.9	7.0	7.0	7.3	6.1	7.6	24.6%
LP&L	4.1	5.3	5.6	5.7	6.1	5.7	5.8	5.8	6.6	5.9	6.5	6.3	6.1	5.9	-3.3%
SWEPCO	3.7	3.8	4.9	5.7	6.0	5.5	7.0	7.1	7.4	6.8	6.5	6.9	6.0	6.6	10.0%
GASOLINE PRICES (Cents/Gal.)															
N.O. Ave. Retail Pump	119.0	131.4	124.5	120.9	124.3	120.3	117.3	117.3	117.5	117.9	116.7	117.4	124.3	118.1	-5.0%
U.S. Ave. Retail Pump	117.1	131.2	126.2	121.8	120.7	113.2	118.6	118.3	116.9	117.8	117.3	117.4	120.7	116.9	-3.1%
NAT. GAS PRICES ($/MCF) - Ave.															
Wellhead - U.S.	1.59	1.98	2.47	2.59	2.60	2.61r	2.53r	2.42r	2.35	2.35	2.34	2.35	2.60	2.48	-4.6%
Interstate Indst. Sales (1)	2.54	3.13	3.75	4.28	4.12	4.00	3.89	3.79	3.99	3.92	3.91	3.94	4.12	3.91	-5.1%
La. Intrastate * (2)	1.81	2.29	2.72	2.87	2.92	3.27	3.19	3.14	3.05	3.13	2.88	3.02	2.92	3.16	8.2%
*Excludes Acadian Gas Co.															
WELLHEAD PRICE OF OIL ($/BBL) - Ave.															
Louisiana	19.94	35.54	32.45	30.02	29.67	26.86	27.27	27.23	27.39	27.52	27.80	27.57	29.67	27.23	-8.2%
U.S.	21.61	31.80	28.54	26.18	25.88	23.93	24.12	23.95	24.06	24.31	24.53	24.30	25.88	24.08	-7.0%
EMPLOYMENT (Thousands) - Ave.															
Oil & Gas Extraction (SIC13)	85.7	94.7	94.4	88.0	75.6	77.5	75.9	75.8	74.3	74.0	77.3	75.2	75.6	78.1	0.7%
Chemicals & Allied Products (SIC28)	33.4	32.6	33.5	30.8	28.9	28.3	28.1	27.7	27.3	26.9	27.3	27.2	28.9	27.8	-3.8%
Petroleum Refining (SIC29)	13.2	16.3	13.1	12.3	11.6	10.9	11.0	11.0	11.0	11.0	11.6	11.2	11.6	11.0	-5.2%
Total La. Employment	1607.9	1697.9	1678.3	1656.9	1751.8	1697.4	1731.1	1778.8	1804.4	1763.2	1740.2	1769.3	1751.8	1744.1	-0.4%
GROSS NAT. PROD. (Billions $)	2526.1	2837.7	3066.5	3310.5	3662.8	3810.6	3853.1	3915.9	--	--	--	3594.8	3662.8	3793.6	3.6%
PROD. PRICE INDEX - U	268.8	283.4	289.3	303.1	310.3	309.1	309.4	307.4	308.0	309.7	310.2	309.3	310.3	308.8	-0.5%
CONS. PRICE INDEX - U	246.8	272.4	289.1	298.4	311.1	317.4	321.2	323.6	325.5	326.6	327.4	326.5	311.1	322.2	3.6%
CPI - ENERGY - U	361.1	410.0	416.1	419.3	423.6	414.2	431.0	434.5	427.1	425.1	426.5	426.2	423.6	426.5	0.7%

U = Unadjusted r = Revised

5/14/86 U2730-1

Louisiana Energy Indicators

Center for Energy Studies

Louisiana State University Spring 1986

OIL PRICES PLUMMET: IMPACT ON LOUISIANA

Prepared by: William G. Black and Mark C. Drennen
Louisiana Legislative Fiscal Office

Oil and gas revenues have for many years allowed Louisiana citizens to receive above average government services, while at the same time enjoying a below average tax burden. In fact, if severance tax collections are excluded when considering the fifteen southern states, only Texas and Virginia collect less taxes than Louisiana per $1000 personal income. With the recent plummet of oil prices, it has become painfully evident that no longer will Louisiana be able to sustain the luxury of extensive government services and a low personal tax burden.

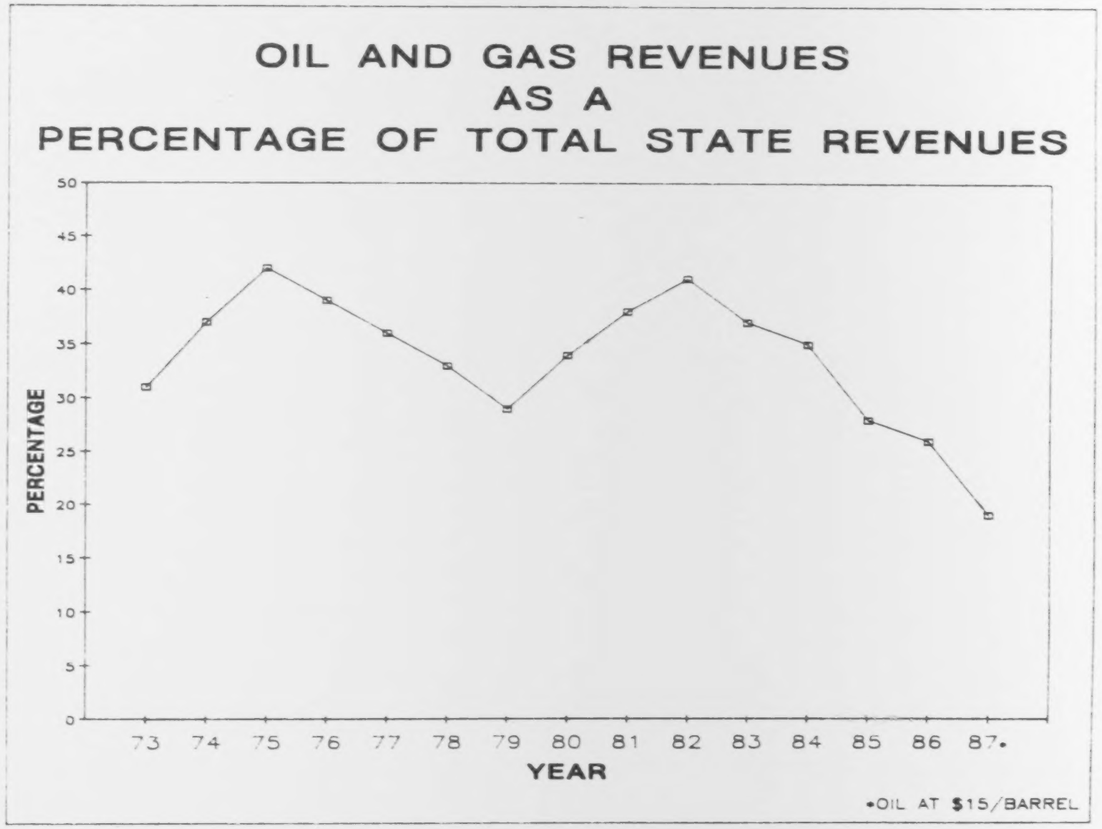
EBB AND FLOW: THE FISCAL PROBLEMS OF OIL REVENUES

As can been seen on Figure I, over the past decade oil and gas revenues as a percentage of state taxes, licenses and fees have fluctuated significantly, usually for reasons beyond the control of state government. These energy revenues reached the height of their relative importance in 1975 (42% of total state general revenues) following a change in the severance tax rate and the Arab oil embargo. Oil and gas revenues then steadily declined as production decreased and prices increased slowly (29% of total state revenues in 1979) until price deregulation again inflated oil prices and these revenues climbed to 41% of the total in 1982.

The state's expenditure response to increased oil and gas revenue was similar in both the 1974-1975 and the 1980-1982 periods. During the years of rapid revenue growth, the Legislature was able to provide funding for new programs, pay raises for state employees and teachers, and significant increases in financial assistance for a variety of local governmental functions. The rapid mineral income growth in 1981 and early 1982 has frequently been referred to as an "embarrassment of riches"; it was a time when it seemed that the State had more money than traditional ways to spend it.

Unfortunately, while the growth of energy revenues has proven to be relatively short lived, the new programs and increased costs these revenues funded have not been so transient. As a result, the state has periodically had to raise other taxes to continue the programs established in the days of high oil and gas related income.

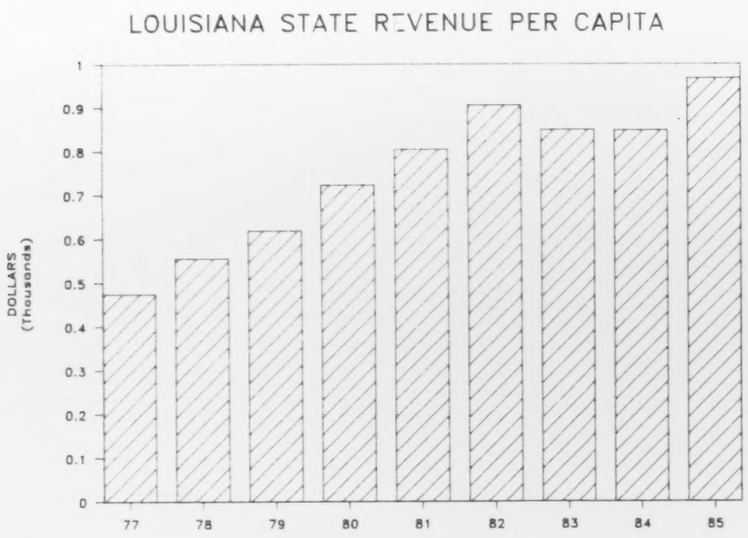
Figure I

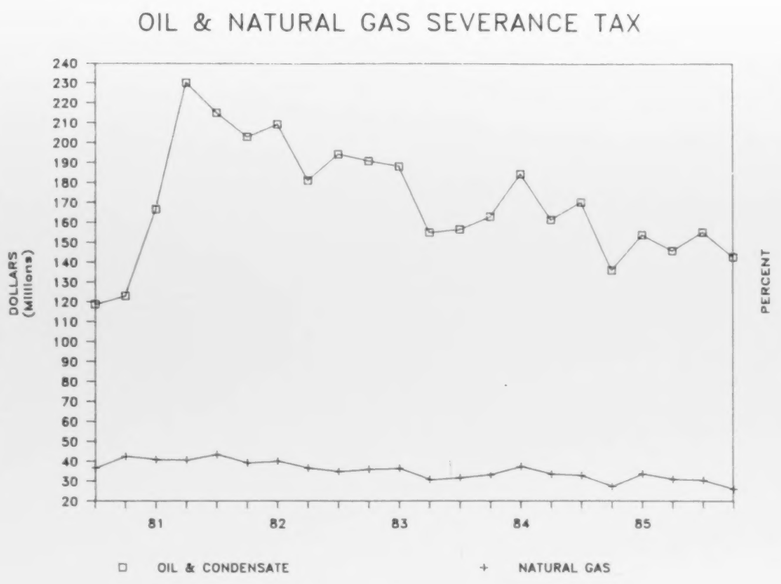


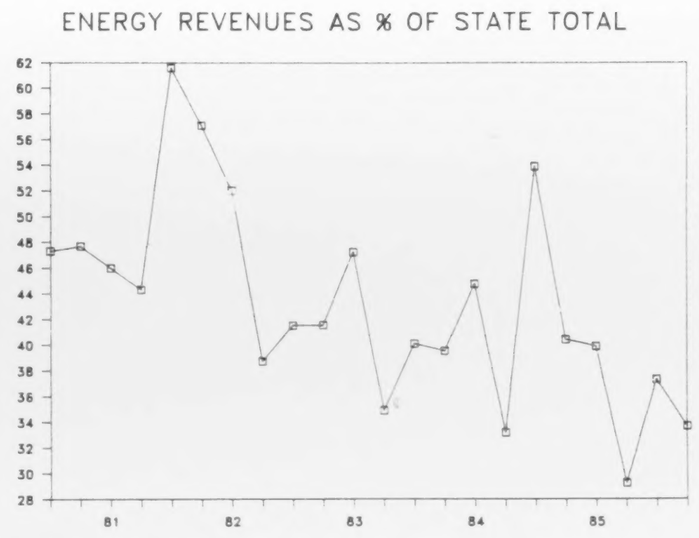
The Legislative Fiscal Office estimates that the state will lose up to $50 million per year for each $1/barrel that oil prices decline. Therefore, if a $15/barrel price continues throughout the 1986-87 fiscal year, state government will have some $600 million fewer dollars than it has this year. Dealing with a shortfall of this magnitude presents a unique challenge to the state's lawmakers. Unlike previous budgetary shortfalls, which could be addressed with

(Continued on back)

Historical Presentation—Revenues







Figures represent TOTAL
except when otherwise noted

Totals may not add due to rounding

Indicator	80.1	80.2	80.3	80.4	81.1	81.2	81.3	81.4	82.1	82.2	82.3	82.4
PRINCIPAL ENERGY RELATED REVENUES [Millions $]												
Sev. - Oil & Condensate	86.68	99.19	118.92	123.06	166.65	230.38	215.15	203.11	209.65	181.35	194.67	191.13
Sev. - Natural Gas	41.38	41.24	36.73	42.63	40.84	40.65	43.51	39.22	40.16	36.51	34.78	36.05
Bonuses	19.71	27.76	35.56	35.35	43.22	25.05	40.04	33.31	22.37	14.81	11.63	10.44
Rentals	8.01	5.55	10.85	7.12	11.19	10.53	11.25	13.40	15.31	14.12	12.30	11.91
Royalties	57.15	62.79	65.50	67.15	84.76	110.58	120.69	98.62	153.96	105.58	110.42	112.74
Special Fuels Tax	5.24	5.77	6.03	5.86	5.68	6.29	5.99	6.76	6.08	6.55	6.30	6.57
Gasoline Tax	38.49	40.89	41.65	40.38	40.66	41.21	38.69	45.02	40.13	41.25	40.81	40.09
Nat. Gas Franchise Tax	1.65	1.97	1.32	1.35	1.89	2.70	1.60	1.55	2.39	2.77	2.10	2.34
Total Energy Revenues	258.31	285.16	316.56	322.90	394.89	467.39	476.92	440.99	490.05	402.94	413.01	411.27
TOTAL STATE REVENUES [Millions $]	706.07	994.11	669.23	677.52	860.07	1054.40	774.81	773.01	943.28	1040.39	994.86	990.75
ENERGY RELATED REVENUES AS % OF STATE TOTAL	36.6	28.7	47.3	47.7	45.9	44.3	61.6	57.0	52.0	38.7	41.5	41.5

Indicator	83.1	83.2	83.3	83.4	84.1	84.2	84.3	84.4	85.1	85.2	85.3	85.4
PRINCIPAL ENERGY RELATED REVENUES [Millions $]												
Sev. - Oil & Condensate	118.52	155.38	156.89	163.32	184.80	161.81	170.53	136.30	154.02	146.04	155.37	142.80
Sev. - Natural Gas	36.59	30.92	31.88	33.34	37.56	33.54	32.83	27.36	33.69	30.95	30.48	25.99
Bonuses	10.54	9.75	14.05	12.68	12.33	13.25	23.10	19.29	11.55	5.56	8.91	6.03
Rentals	10.44	7.38	4.41	5.48	4.18	7.12	5.71	4.19	4.14	6.74	4.95	5.01
Royalties	130.98	105.53	102.72	105.64	106.08	108.96	108.65	112.35	104.01	97.34	93.53	84.17
Special Fuels Tax	6.05	7.07	6.93	7.05	7.09	7.94	11.59	14.43	13.17	13.65	13.62	11.80
Gasoline Tax	36.68	42.16	40.33	41.78	38.68	41.79	68.71	78.51	77.48	75.80	71.34	61.53
Nat. Gas Franchise Tax	3.30	3.65	2.85	2.71	3.03	3.02	3.14	2.51	3.01	3.25	2.40	2.38
Total Energy Revenues	353.10	361.84	360.06	372.00	393.75	377.43	424.26	394.94	401.07	379.33	380.60	339.71
TOTAL STATE REVENUES [Millions $]	897.13	1036.86	898.13	942.81	881.80	1137.56	787.64	978.21	1008.35	1297.82	1026.03	1003.37
ENERGY RELATED REVENUES AS % OF STATE TOTAL	39.4	34.9	40.1	39.5	44.7	33.2	53.9	40.4	39.8	29.2	37.1	33.9

(Continued from front)

essentially marginal adjustments of expenditures, the current situation will require a significant restructuring of spending priorities in order to be resolved.

NEW PRIORITIES BEING FORMULATED

The Legislative effort to achieve this new set of priorities is currently being formulated. At the present time committee discussions are focusing on several areas in preparation for the upcoming Legislative session. These include:

—selective but significant spending reductions that will reduce or eliminate low priority programs in almost all areas of state government;

—a reduction in state "pass through" funding to local governments, combined with increased revenue generating capability on the local level;

—a firm financial commitment, in spite of the current financial problem, to implement a number of economic development initiatives previously inactive due to lack of funding; and

—selective revenue enhancements to provide enough additional revenue to continue high priority programs and services at acceptable levels.

This four part approach will not be achieved without some reduction in state services. The broad range of expenditure reductions will, however, help to mitigate the impact of the cuts on any single group.

There is also a significant plus to this approach. With oil revenues so drastically wrenched from the state's budget process, there is an unprecedented opportunity to reduce the state's energy revenue dependence so that the state will not be so seriously affected by the cyclical fiscal problems associated with relying on oil and gas as a primary source of state revenue.

FOOTNOTES

1. Industrial Sale Price by Major Pipeline Companies
2. Intrastate price is computed as the weighted average price charged by Louisiana Instrastate, Monterey, and Acadian gas transmission companies. Due to questionable figures, Acadian gas is not figured in the 1985 3rd quarter price.

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4520 East West Highway
Bethesda, MD 20814

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